PRESERVED

App. F. IX-4

1940

Previous References

193 .
( )
Legs

File No. 2540
Serial Nos. - 9 6

Later References.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT.

Representative Assembly: Diasara Session 1940
Representation praying for issue of a Press
Communique regarding the Proceedings &c.

WD 0573—GPB—22,500—12-9-39

15-1-1940

R.A. Dasara Session 1940 — Representations.

D.929/RA

General and Revenue Secretariat | File No. | of 194 . | [App. F. III-2

Serial No.

Representation praying for issue of a Press Communique regarding the Moneylenders Act.

1 It is prayed that a Press Communique regarding the Moneylenders Act may be issued by Government through the Publicity department for the information of the ryots.

2 Submitted for orders.

Sec 24.9.40.

3 As the provisions of the Act are likely to come up before the Courts for adjudication, it may not be expedient for Govt to commit themselves to any particular view by the issue of a Communique.

MKV 25/9

Law Secy)

2309/25/9

Hm 2 25/9.

MKV 26/9

Submitted for orders as to whether para 3 may be taken as the Secretariat note.

Sec 26.9.

MKV 26/9

Law Secy)

Hon. Hm 2 27/9/40

MKV 27/9

Agn placed below for being withdrawn

Sec 28/9

Copy taken

Recd 28/9 RA Sec to kindly put up a copy of the proceedings if this repn was taken up

Sec 14.11.40 Noted

Concerned extract put up.

11-12-40.

Protection Branch

OFFICE OF THE SECY
NOTE—Contn. Sheet.
Hon Sec'y
13 NOV 1940
REF

R & Representation — Desai 940

File No. 140 of 194 .

General and Revenue Secretariat

Serial No.

Legislative Dept No.

Affect supplies have been received and are under examination separately.

The Mysore Representative Asse bly.

Dasara Session, 1940.

Representation by. Mr. K.C. Subbanna and others.

Subject:- Issue of a press communique regarding the Money Lenders Act.

Secretariat Note:-

As the provisions of the Act are likely to come up before the Courts for adjudication, it may not be expedient for Government to commit themselves to any particular view by the issue of a communique.

Secretary to Government,
Law Department.

No.138.- Issue of a Press Communique regarding the Moneylenders' Act.

Mr. K.N. PUTTANNA prayed that as most of the people did not know the exact scope of the provisions of the Act, it would be better if a press communique regarding the Act be issued by Government through the Publicity Department for the information of the raiyats and other people. At present every moneylender, whether professional or not, was applying for getting licences. Even those who had lent small sums of Rs.50 or Rs.60 had spent Rs.3/- each for obtaining licences, because they were afraid that otherwise they would have no chance of recovering their dues.

Mr. A. VENKATESIA agreed that there existed certain confusion in the minds of the public as to the exact scope of the provisions of the Act. For instance no one knew who should obtain a licence and get himself registered as a money lender. Also the definition of 'money Lender' was not very clear. It gave rise to doubts as to whether a particular person or persons could or could not be considered

as a money lender. So many people went to the lawyers for legal advice in the matter and in most of the cases the lawyers had advised them to take out licences to be on the safe side. The difficulty that was being felt just after the passing of the Agriculturists Relief Act in the matter of interpretation of the word 'Agriculturist' was being felt at present in respect of the interpretation of the word 'Money Lender', and until the High Court gave a ruling in any particular case, just as they gave a ruling in the case of the interpretation of the word 'agriculturist', no one could say who should be classified as a money lender. So, to be on the safe side, many people had obtained licences and got themselves registered as money lenders. If therefore the Government giving suitable explanations here & there defined clearly the term 'money lender' and refunded the money in the case of those who did not come within the scope of the definition, it would be a great help to them. He also considered it very necessary that only those whose total transactions exceeded a particular limit should be brought within the scope of the law. If that was not done, even those lending small sums of Rs.20 or Rs.30 occasionally would have to ob ain licences.

Continuing, he said that the object of the Money Lenders Act was to control the rate of interest. What was ha pening at present was that if a person executed a pro note for Rs.100/- he was getting to hand only Rs.87/- and he had to return the full amount of Rs.100/- in ten equal instalments. This was contrary to the provisions of the Act. So he thought that there must be provision in the Act for the authorities to examine the nature of the transaction and the amount actuall

paid to the party

Mr. K. LAKSHMINARAYANA RAO also agreed that the definition of 'money Lender' required to be ximp amplified by suitable illustrations. For instance, if a person took a pronote on a stamped paper from a raiyat for the amount representing the guttige of his land, because the raiyat could not pay the contract amount on account of the failure of crops, it might be interpreted that he had lent money to the raiyat and therefore he would come under the definition of 'money lender' though the substantial nature of the transaction was only one. This was sure to cause great hardship. For this and other reasons he thought that it was quite necessary that the doubts should be cleared.

Mr. A.N. RAMA RAO pointed out that as a result of the introduction of the Agriculturists Relief Act and the Money Lenders Act, the raiyats could not get any accommodation by mortgaging their lands with or without possession. They had either to execute a sale deed once and for all or else continue to pay the interest and finally pay principal amount and then get back their lands. This had been a great handicap to them.

Secondly, the definition of 'money lender' was really ambiguous. Supposing a person was in need of some money either on account of death of a member of the family or for a marriage, or for procuring medical aid. Even those who were in a mood to help him with a small hand loan at such a time could not do so because they feared they woul come within the definition of moneylender as given in the Act. Thus social amenities and mutual help and obligation, which was one of the happy features of the Hindu society, had dis-

has been

~~could~~ be jeopardised. So a modification of the definition was urgently called for, to provide for mutual obligation not being treated as moneylending business.

He also pointed out that under the definition of 'moneylending business', a government servant for instance could not advance a loan to his own raiyat for purchase of manure or seeds, because he might be classified as a moneylender though it was not his main occupation.

Even trade had been affected. The merchants used to file suits on accounts and get decrees on them formerly. But laterly, due to economic depression and other causes, the loan due was being converted into bond. But at present even that was not possible. The r sult was that there had been a shrinkage of credit as between businessmen.

Even as regards the rate of interest fixed under the Act there was a lot of trouble experience by the people. No moneylender could charge a rate of interest higher than that fixed under the Act. But no one would lend at that rate. So, to get over the difficulty, they were taking a bond from the borrower for twice the amount of the loan. All this had resulted in great handicap to the people in the way of their getting even temporary accommodation. So it was necessary that some provisions of the Act should be modified to obviate the difficulties explained above.

Mr. S. RAMAPPA observed that it seemed to him that it was impossible to define the term 'money lender' quite clearly so as to cover all cases referred to by the previous speakers. He thought that the difficulties could be solved by fixing a certain maximum limit of amount, say Rs.500 or Rs.1000 within which the Act need not apply. Secondly, the fees at present charged for affadavit, registration and licence were too high. Besides the procedure followed, namely first taking an affadavit, then getting the name registered and lastly applying for licence, was too cumbersome. He did not think that Government intended at the time of enforcing this Act to make a good revenue ~~ax~~ out of the Act. He therefore suggested that a nominal amount of fee be uniformly levied in all these cases.

The PRESIDENT replied that all the points referred to by the members had been gone through before the measure was put ~~into~~ the Statute Book. He, however, added that such of the members ~~who~~ wished to make suggestions for amendment of the Act might send to Government a note of their suggestions and that they would be examined.

FORM I.

Memorandum of Subject proposed for discussion in the Dasara Session of the Representative Assembly of the Mysore District.

For the Dasara Session of October 1940

WD 04362—GPB—2,000—2-10-39

No.	Summary of Representation.
15 Subject Issue of a press communique regarding the Money Lenders Act	A Press Communique regarding the Money Lenders Act may be issued by Government through the Publicity Department for the information of the ryots

Name of Member proposing

~~Mr.K.G.S~~
Mr.K.C.Subbanna,Gundlupet Taluk
" K.N.Puttanna,Chamrajangar "
" T.S.Madappa,Nanjangud "
" H.P.Basappa,Heggadadevankote Tk
" M.N.Mahanthadevaru,T.Narasipur"
" Mayi Gowda "
" Gurubasappa,Chamarajnagar "
" Sidda Veerappa "
" G.Mallanna,Lysore Taluk
Rao Saheb M.Ramaswami,Mysore City
Mr.B.Chennappa,Krishnarajanagar Tk
" K.Nanjappa,Mysore City
" M.Shamanna, "
" Venkataramane Gowda,Hunsur Tk.
Sowcar M.rSowcar Siddappa,Nanjangud"
Mr.M.S.Basavannadevaru,Yelandur Sub Taluk
" L.P.Nanjappa,Gundlupet Taluk.

Previous references relating to the subjects.

~~The~~

Remarks by the Deputy Commissioner.

The main provisions of the Act,may perhaps, be explained in a press communique

For Deputy Commissioner

3/9

FORM I.

Memorandum of Subject proposed for discussion in the Dasara

Session of the Representative Assembly of the Mysore District.

For the Dasara Session of October 1919.

WD 04362—GPB—2,000—2-10-39

No.	Summary of Representation.
15	
Subject Issue of a press communique regarding the Money Lenders Act	A Press Communique regarding the Money Lenders Act may be issued by Government through the Publicity Department for the information of the ryots

Name of Member proposing

~~M.K.C.~~
Mr.K.C.Subbanna,Gundlupet Taluk
" K.N.Puttanna,Chamrajangar "
" T.J.Hadappa,Nanjangud "
" H.P.Basappa,Heggadadevankote Tk
" M.N.Mahanthadevaru,T.Narasipur"
" Mayi Gowda "
" Gurubasappa,Chamarajnagar "
" Sidda Veerappa "
" G.Mallanna, Mysore Taluk
Rao Saheb M.Ramaswami,Mysore City
Mr.B.Chennappa,Krishnarajanagar Tk
" K.Nanjappa,Mysore City
" M.Shamanna, "
" Venkataramane Gowda,Hunsur Tk.
Sowcar M.Sowcar Siddappa,Nanjangud"
Mr.M.S.Basavannadevaru,Yelandur Sub Taluk
" L.P.Nanjappa, Gundlupet Taluk.

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3/9